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## FUNDAMENTAL PRINCIPLES OF PARCEL-POST ADMINISTRATION

Universal and uninterrupted means of communication were regarded by the framers of the Constitution as essential to national welfare. Private enterprise alone could not safely be intrusted with the duty of developing and maintaining facilities adequate to this need of the people, and it was deemed necessary to include within the federal prerogative the establishment of "post-offices and post roads." This general provision is not qualified or limited in any way.

*The postal function is to neutralize the obstacles to national development that are inherent in distance. It is the constitutional duty of the national government to perform this function only in so far as it cannot be fully or properly performed by private enterprise.*

The national government has ever extended and amplified the postal system to satisfy the expanding social need for freer intercourse. In the beginning the service was rendered by crudely operated post-offices which exchanged mails by the primitive agencies then available. Inventive genius has since devised improved methods of transacting business and evolved quicker and cheaper means of transportation. As rapidly as these have been developed they have been incorporated in the postal system. The service has gone hand in hand with the advance guard of civilization. Its facilities have been extended to the smallest and remotest towns and villages in our land. Changing economic conditions have created from time to time need for new kinds of universal services. As each need has become well defined the postal service has been amplified accordingly. In this way have come the registry service, the money-order and postal-savings systems, free delivery, and, finally, parcel post.

The postal service was at first merely a letter post. The physical agencies necessary to this service were soon employed also for other purposes. The post riders began to carry newspapers and parcels for accommodation and for hire. Finally the growth

of political controversy in the land so whetted the appetite of each community for printed gossip of other communities that the mails were impeded by the great volume of newspapers carried in the saddle bags with the letters, and an early postmaster-general prescribed low rates of postage for this matter. His action brought down a storm of disapproval and abuse on the part of the publishers. This was the beginning of second-class matter that is carried in the mails at nominal charges. The controversy relating thereto has endured to the present time.

As the volume of printed matter in the mails increased it became necessary to protect the public revenues by restricting second-class mail privilege with its nominal rates of postage and to relegate to a third class printed matter that is not periodical in nature or that lacks the features of news and instructiveness.

For the handling and transportation of letters, newspapers, periodicals, and books, it is necessary to provide facilities that are equally adequate for the handling and transportation of merchandise, which constitutes the fourth class of mail matter. The service rendered in connection with this class of mail was merely incidental and even unnecessarily limited. Packages exceeding four pounds in weight could not be accepted for mailing; the flat rate of one cent an ounce was prohibitive of local and near-by shipments, especially of heavier parcels; and many kinds of merchandise, including most farm products, were declared to be unmailable.

The basic idea of fourth-class mail was the propriety of utilizing facilities already established and necessary to the postal service for supplementing the postal revenues. The parcel post is not only an extension and more intelligent application of this idea; it exists for itself, having grown out of the failure of private enterprise in the field of parcel transportation. It is here at the insistent demand of the people for efficient and impartial administration of the national express facilities, and marks definitely the national recognition of the plain fact that transportation of commodities is as necessarily and constitutionally a postal function as is the transmission of messages and intelligence.

*The parcel post is coextensive with the postal establishment and the service it renders is universal. The function of the parcel post is to*

*induce the movement of and to carry those shipments, not within the category of freight, that it is in the interest of the people to have moved. The full performance of this function is limited by the physical capacity of the postal organization and by the exigencies of public finance.*

The organization and equipment of post-offices and mail-transportation lines was more than adequate to meet the needs of the service prior to the establishment of the parcel post. This fact, together with the enthusiasm of all classes of postal employees and the disposition of the people everywhere to co-operate with the postmasters, made it possible for the Post-Office Department to cope successfully with the enormous volume of new business in the early months of 1913. The success of the parcel post was from the beginning clear and complete. The weak points in the postal network discovered under conditions of actual operation were gradually strengthened in the most effective manner possible and improvements in methods and procedure worked out for adoption throughout the service.

Authorizations for additional employees have been made according to the need of each branch of the service as determined by the immediate supervisory officers and verified by the Department. Additional floor space has been acquired for those post-offices whose quarters have proved inadequate for handling the increased volume of mail. A tentative step in the direction of a complete package-collection service has been taken by designating at out-lying points parcel-post receiving-stations. In the light of experience gained, the number of these stations is being gradually increased, wherever such action is warranted by the increasing volume of traffic, to afford convenient places of deposit. The delivery of parcels too heavy or bulky to be handled by regular letter-carriers has been cared for by the employment of motor and other vehicles, which have also been used for the collection of parcel-post mail from the receiving-stations.

Both horse-drawn and motor conveyances are now being operated under rental contracts. The horse-drawn vehicle is the least expensive, but the territory it can cover is very limited. The motor vehicle, on the other hand, is capable of covering greater

distances and for this and for many other reasons is more desirable, but the extra cost on a rental basis adds disproportionately to the expense of delivery. Because of the increasing average weight of parcels and the consequent increasing need for vehicles, the Department has undertaken to ascertain the comparative cost of operating rented and government-owned motor vehicles. For this purpose a number of motor vehicles of varying types and capacities have been purchased and are being operated in the parcel-post delivery and general collection service. Data regarding the comparative cost and efficiency of rented and owned vehicles are being gathered and carefully analyzed to determine the advisability of further purchases.

To avoid congestion in the railway mail service and to reduce the amount of car space required for distribution purposes terminal railway post-offices have been established in important cities. These terminals are located within, or in close proximity to, railroad stations, and here facilities are provided for the distribution of raw mail and the routing through direct of maximum quantities of worked mail to the most distant points practicable. This plan makes possible not only the minimum number of handlings per mail piece but greatly reduces the expense for distribution facilities on board moving trains.

Broad discretionary power in the administration of the parcel-post law was vested in the Postmaster-General. Thus he has been enabled to meet promptly and effectually each emergency in the development of the service. In view of the impossibility of foreseeing the conditions of actual operation, the regulations, as a precautionary measure, were in the beginning rigidly framed. However, as rapidly as experience has demonstrated that these regulations restrict unduly the operation of the service and its usefulness to the public, they have been amended.

When the service was inaugurated an issue of distinctive stamps was prescribed for the payment of postage on parcel-post mail. These stamps were not accepted for postage on other than fourth-class matter and the stamps used for other classes of mail were not accepted for postage on parcels. This restriction resulted in endless confusion and in great annoyance and inconvenience to

the public. The mandatory use of this special issue has therefore been discontinued. The advantages of doing away with the distinctive stamp feature of the parcel post are clear and obvious and far outweigh the doubtful value of the stamps as a means for estimating revenue. Undoubtedly public patronage of the postal service is simplified and facilitated by having a single variety of stamps valid for all purposes. The use of the distinctive stamp gave no basis for ascertaining the cost of the service or the volume of business and the revenue by zones, as the number of stamps outstanding in the hands of the public could never be definitely known. At a less expense, the revenue from the parcel-post service may be more accurately ascertained by test weighings and countings during brief periods at representative post-offices. This is the usual method of arriving at such statistics and has the double advantage of not only showing by zones the revenue actually earned and received but also producing data from which the cost of performing the service is derived.

The use of precanceled postage stamps on mail of other than the first class has been found to effect a considerable saving in time and expense both to the government and to the mailer. The use of such stamps has therefore been extended and encouraged, their advantages being especially pointed out to senders of large quantities of mail, and the restrictions applicable to them have been greatly simplified. These stamps are canceled in bulk by printing on them between two black horizontal lines the name of the post-office at which they are to be used. The use of the precanceled stamp is of particular advantage in the case of parcels varying in size and weight, as the service is relieved of the slow and expensive process of canceling by hand postage stamps affixed to such mail.

The parcel-post law provided for the indemnification of shippers, for articles injured or lost, by insurance. The original regulations covering this feature provided that a parcel might be insured against loss in an amount equivalent to its actual value, but not to exceed \$50, on the payment of a fee of 10 cents. Six months' experience demonstrated that the uniform charge for insurance regardless of the amount of the risk worked against the usefulness of the system. Accordingly, on July 1, 1913, the regulations were amended so that

a mailable parcel on which the postage is fully prepaid may be insured against loss in an amount equivalent to its value, but not exceeding \$25, on payment of a fee of five cents, and in an amount equivalent to its value in excess of \$25, but not to exceed \$50, on payment of a fee of 10 cents. The insurance feature has proved popular and has been largely patronized.

Collect-on-delivery service was made available to patrons of the parcel post on July 1, last. This facility enables the sender of a mailable parcel on which the postage is fully prepaid to have the price of the article and the charges thereon collected from the addressee on payment of a fee of 10 cents, provided the amount to be collected does not exceed \$100. Such a parcel will be insured against loss without additional charge in an amount equivalent to its actual value, but not to exceed \$50.

In view of the increase of postal revenues due to the operation of the parcel-post system, it was determined shortly after the close of the fiscal year to give to the people the benefit of this earning power in the form of reduced rates. The successful operation of the service also was held to justify an increase in the weight limit. Accordingly, on August 15, 1913, the rates for the first and second zones were reduced and the weight limit increased from 11 to 20 pounds. It was thought proper that the increase in weight limit and reduced rates should apply to the first and second zones, as 30 per cent of the entire number of shipments were addressed to these zones, and by affording relief on this business these changes would enable the public to secure the benefit on approximately one-third of their shipments.

The experience gained in the operation of the system under this tentative revision showed that a further reduction in rates and an increase of weight limit were justified. With the increase in the volume of parcels mailed, the cost of handling was reduced, and as the feasibility of taking care of a far greater amount of business was demonstrated, no reason remained for retaining rates that greatly exceeded cost and were prohibitive of potential traffic, or from refraining from enlarging the weight limit. Accordingly, on January 1, 1914, the weight limit in the first and second zones was increased from 20 to 50 pounds and in the remaining zones from

11 to 20 pounds, and the rates of postage in all zones except the first and second, which had already been revised, and the seventh and eighth, in which no reduction was held to be justified, were substantially reduced.

The third class of mail embraces, among other things, books and matter wholly in print, but not included in the second class, to which were originally accorded rates of postage lower than those prescribed for merchandise. The establishment of the parcel post had the effect of negating to some extent this preferential consideration, as the parcel-post rates are lower in many instances than the corresponding rate on third-class mail. The parcel-post rates are graduated by pounds and zones, while the rate for third-class mail is one cent for each two ounces or a fraction thereof, regardless of distance. If parcel-post rates were applied to the latter there would be some instances in which the new rate would be higher. These increases are necessary to the proper equalization of rates on the basis of cost. Under the present flat rate of postage the near-by shipments of third-class mail are taxed to pay the cost of transportation and handling of the distant shipments. Every reason that induced Congress to make a separate classification of books, packages of seeds, and other articles the educational or helpful character of which entitled them to preferential rates, may be advanced with greater force in favor of admitting them to the parcel post. Action toward consolidating the third and fourth classes of mail should, however, be taken gradually, and for that reason the Department has first admitted books to the parcel post. It was believed, however, that it would work a hardship to apply to books up to four ounces the parcel-post rate of one cent an ounce, and from four to eight ounces the pound rates of from five to twelve cents. It was therefore deemed advisable to retain the preferential third-class rate on shipments of books weighing eight ounces or less.

Of the many potentialities of parcel post, that which more than any other has attracted the widest popular interest and which is, no doubt, pregnant with more of benefit for all the people, is the shipment by mail direct from the producer to the consumer of farm produce in retail quantities. Accordingly this phase of the service has had especial consideration. The weight limit within the 150-mile limit has been increased to 50 pounds. The regula-



tions have been amended to permit the use of hampers and crates in the shipment of perishable farm produce in quantities exceeding 20 pounds. These shipments will be handled outside of mail sacks. The regulations have also been amended so that parcel-post shipments may be accompanied by statements of account or other relevant communications. Finally, in order to stimulate the use of parcel post for the direct shipment of farm produce, the Postmaster-General has instituted a plan whereby the postmasters at city offices will act as intermediaries between the farmers and the city consumers. The plan contemplates the preparation from time to time of lists of those who wish to sell, for distribution among those who wish to buy.

The parcel post was established for the manifest purpose of affording a cheaper means of transportation forailable merchandise, and it was clearly the intention of Congress that this function should be limited in performance only by the considerations of cost and conservative postal administration. It is believed, therefore, that the parcel post should be made eventually to serve the people as fully and completely as possible without interfering with the efficient conduct of the postal service, and that changes in the regulations that will have the effect of increasing the volume of parcel-post mail should be made gradually and only after experience and investigation have shown that they may be put into effect without loss or detriment to the service.

Parcel-post rates and conditions of mailability must be revised from time to time with a view to inducing the movement of traffic that will promote the welfare of the people. Such traffic embraces primarily the shipment direct from producer to consumer of those commodities that are consumed in the form in which produced. The intrinsic value of many such shipments, however, is so slight comparatively that the direct transaction cannot be secured by any increase in the limit of weight or decrease in the rate that is feasible. The full realization, therefore, of the parcel-post function is not possible under present conditions of transportation.

The objective of the present administration in conducting the parcel post is so to perfect the organization that the constantly increasing volume of mail may be handled with maximum efficiency. The business of the postal service is perhaps the best example of

an undertaking governed by the law of increasing returns, for its operations are characterized by the fullest response to this principle. Thus, the increasing volume of traffic will be carried at a constantly decreasing rate of cost per shipment and the increment accruing therefrom will be available for distribution in service benefits and reductions of rates, provided that the efficiency of the postal service be maintained in every respect. The necessary enlargement of the carrying capacity that will accompany the growth of the traffic will make feasible more liberal regulations regarding conditions of mailability.

Railway mail pay has a vital bearing on parcel-post rates. A basis of payment should be arrived at that will secure to the railroads adequate compensation for the service rendered and to the government a fair proportion of the increment accruing from the decreasing rate of cost occasioned by the increasing of the traffic.

The ethical justification for the government entering the field of parcel transportation in competition with private enterprise lies in the principle of the greatest good to the greatest number. Parcel post reaches everywhere, whereas private expresses extend their operations only to profitable territory. The nature of the business is monopolistic. Rates unreasonably high and service unduly restricted, as well as unsatisfactory in kind, were notoriously characteristic of the system developed under private enterprise. A clear example was presented of a part of the postal function that was not being fully or properly performed from the viewpoint of the public interest. It was the duty, therefore, of the government to institute and develop a service that will move the traffic that the interest of the whole country requires shall be moved.

The establishment of the parcel post will not necessarily have the effect of driving private enterprise from the field, because the government's rates must be based on universal service and be so fixed as to carry the burden of all unprofitable operations. The effect will be rather to regulate rates and insure satisfactory service within the field of private operations by constituting a latent competition, and at the same time to provide parcel-transportation service to and from those outlying points that could be reached in no other way.

Every addition to the volume of postal business makes possible

the attainment of a higher degree of institutional efficiency. Parcel post, during the first year of its operation, contributed more than six hundred million parcels to the mails. This accession discovered the need for improvement in methods and for reorganization of personnel. Accordingly, the Postmaster-General directed that commissions of postal experts be dispatched to principal points to study carefully the methods in vogue and to ascertain the best ways of performing each postal operation and the best plan of organization and work. As rapidly as the recommendations of these experts are put into effect and found successful at initial points, they are applied wherever conditions are similar. The establishment of the parcel post has therefore enabled the Postmaster-General to enter upon an effective campaign for the standardization of methods and equipment and the most compact organization of personnel, which must greatly enhance the efficiency of the whole system. The continuing growth of the parcel post, together with other postal business, will accentuate the constant need for the most intelligent and direct supervision, which will insure satisfactory service. The accelerated increase in the number of mail pieces, moreover, will reduce the cost of each postal operation.

Phenomenal as has been the growth of the parcel post, those responsible for its administration have not been led away from the conservative practice of making every extension on an empirical basis. It is recognized that the parcel post is in its infancy and that the benefits to be derived from a full performance of its function can be realized soonest by the exercise of the greatest possible care in its formative period. Therefore, every change in rates and conditions of mailability has been made only after the most thorough study and analysis of carefully gathered statistics and actual service conditions.

Eventually parcel post should provide universal parcel-transportation service, moving, at true economic rates, a sufficient number of direct shipments to reduce materially the cost of living and to ameliorate the condition of all the people. Cautiously, vigilantly, earnestly, enthusiastically, the present administration is addressing itself to the attainment of this ideal.

DANIEL C. ROPER

*First Assistant Postmaster-General*